



Housing Opportunities for Persons With AIDS

Program Guide

Minnesota Housing does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, or sexual or affectional orientation in the provision of services.

An equal opportunity employer.

This information will be made available in alternative format upon request.

INTRODUCTION	1
CHAPTER 1 – PROGRAM PURPOSE AND BACKGROUND	2
CHAPTER 2 – ELIGIBLE HOUSING PROGRAMS AND SERVICES	3
CHAPTER 3 – PROPOSAL SELECTION CRITERIA	5
CHAPTER 4 – IMPLEMENTATION OF THE HOUSING PLAN	6
CHAPTER 5 – REPORTING REQUIREMENTS	7
CHAPTER 6 – COMMITMENT AGREEMENT	8
CHAPTER 7 – ELIGIBILITY CRITERIA	10
CHAPTER 8 – GENERAL DEFERRED LOAN CHARACTERISTICS	15
CHAPTER 9 – CONTRACT COMPLIANCE PLAN	18
CHAPTER 10 – FAIR HOUSING POLICY	20
CHAPTER 11 – ALLOCATION OF FUNDS	21
CHAPTER 12 – TECHNICAL ASSISTANCE / ADDITIONAL RESOURCES	22
CHAPTER 13 – OTHER FEDERAL REQUIREMENTS	23
CHAPTER 14 – PROGRAM CONTACT	30

Introduction

Introduction

The Minnesota Housing Finance Agency (Agency) was established by the 1971 session of the Minnesota Legislature to finance the construction and rehabilitation of housing for families of low and moderate income. In addition to providing financing for Multifamily rental units, single family mortgage loans and home improvement loans and grants, the Agency participates in and administers other programs which assist in increasing or improving affordable housing for Minnesota residents.

Chapter 1 – Program Purpose and Background

The Housing Opportunities for Persons With AIDS Program (HOPWA) was authorized through the United States Department of Housing and Urban Development (HUD), Housing and Community Development Act of 1992.

The HOPWA program provides states and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of low-income persons with Acquired Immune Deficiency Syndrome (AIDS) or related diseases, such as HIV, and their families. The program authorizes competitively awarded grants for housing assistance and services.

In 1994 the State of Minnesota received HOPWA formula grant to support a wide variety of housing assistance and supportive services for people living with HIV/AIDS. Some of the activities funded with the grant included a comprehensive needs assessment and a five-year plan for the housing needs of people living with HIV/AIDS. Under the auspices of the MDH and the direction of the HIV Housing Coalition (Coalition), the Assessment sought to define and quantify the housing needs throughout the state for persons with HIV infection and to develop a five-year plan for addressing those needs. The information from this process is available in the HIV Housing Needs Assessment and Five Year Plan (five year plan).

The overall goal of the five year plan for persons with HIV in Minnesota is to ensure that safe, adequate and affordable housing is available to people living with HIV infection, including supportive in-home care where warranted. This five-year plan proposes that the City of Minneapolis and the Minnesota Housing Finance Agency (Minnesota Housing) jointly administer these funds since HOPWA funds will be used to leverage the private and public resources needed to implement the five-year plan. Because the plan covers the entire state, it is important that the administration of the funds be statewide in perspective.

The housing services which will be funded through this Super Request for Proposals (Super RFP) are based on priorities developed and endorsed by the Coalition, the MDH and Minnesota Housing in the five-year plan. If you do not have a copy of the plan, please call Julie Hanson, HIV Services Specialist, at (612) 676-5083.

Chapter 2 – Eligible Housing Programs and Services

The five-year plan outlined seven program and service strategies to meet the housing needs of persons with HIV/AIDS. The HIV Housing Coalition recently revised this section of the plan and consolidated the seven strategies into four. Applicants may apply for funds to implement all or one of these programs and services by checking the appropriate box on the Minnesota Housing Deferred Loan/Grant Application.

To assist applicants in designing HOPWA housing programs and services, each of the four five-year plan strategies is highlighted below. Proposals with the following elements will be given preference during application selection:

1. **Increased affordable housing stock through housing development, and utilization of housing subsidies:**

Provide outreach to and cultivate relationships with landlords

- Provide seamless movement from transitional into permanent housing
- Create affordable housing units, where rent is no more than 30% of adjusted income, including expansion of specialized housing stock with more units dedicated to special needs populations
- Create mixed use, high tolerance and harm reduction models of housing including SROs, apartments, and family housing
- Proposals that include assisted living programs, including adult foster care, and proposals from adult foster care providers that address recent changes in the HIV health spectrum
- Outreach to non-profit developers as well as other housing players (i.e. governmental agencies, for-profit developers, etc.) to leverage additional funds for new projects

2. **Intensive housing intervention:**

- Programs emphasizing advocacy
- Programs prepared to assist clients through the housing search process, with staff/case managers trained in such areas as skill building and discrimination issues.
- Proposals for an advocate to assist all HIV service agencies
- Short-term rental assistance subsidy programs that include one-to-one interaction between staff and clients to improve client's capacity for greater self-sufficiency

3. **Emergency housing assistance:**

- Emergency programs modeled on existing emergency funds, or proposals from agencies experienced in the administration of emergency housing funds
- Programs that emphasize "essential" services and limit "non-essential" services, such as past due long distance telephone bills
- Proposals for short-term housing/emergency housing units

4. Clearinghouse:

- Proposals which would increase The Housing Link's capacity to effectively serve the housing needs of individuals families living with HIV and AIDS

Note:

1. Rental Assistance: -- persons receiving rental assistance or residing in rental housing, except those in short stay supported housing must pay 30% of the family monthly gross income after adjustments. Rents must be reasonable in relation to comparative rents.
2. Computer/Furniture etc: -- Applicants requesting funding for miscellaneous items (i.e. furniture, computers, etc.) will not be funded during the HOPWA funding cycle. Applicants are encouraged to contact the Minnesota Housing to discuss other funding options that may be available.

Chapter 3 – Proposal Selection Criteria

The HOPWA Selection Committee and the Minnesota Housing will take the following criteria into consideration when determining HOPWA grant awards. The criteria are not listed in order of priority.

- Meet minimum HUD Regulations (24 CFR 574.)
- Document the extent to which the applicant has developed or will develop, a collaborative partnership including HIV housing and HIV mental health, chemical dependency service providers as warranted.
- Quality of site if project based (services, feasibility of development costs.)
- The projected long-term viability of the proposed project.
- The extent to which the requested funds are being leveraged with other funds from private or public resources to make the proposal economically feasible.
- Current housing or service programs offered by applicant.
- A detailed plan to develop and implement the requested housing or supportive services.
- A detailed plan to monitor and evaluate those services, the prior experience of the applicant in developing and managing similar housing programs and/or supportive services.
- Ability to expeditiously serve target populations.
- Outreach to minority households.
- The cost and quality of the proposed housing and/ or supportive services.
- How well the proposal meets the funding priorities established by the Minnesota HIV Housing Coalition

The extent to which the proposed project includes creative approaches to the provision of HIV affordable housing that can be replicated and can serve as a model for other providers of HIV affordable housing.

Chapter 4 – Implementation of the Housing Plan

When developing housing programs and services to meet the targeted populations, applicants should bear in mind that the following principles guide the implementation of the five-year plan. Housing programs and services reflecting these principles will receive preference consideration:

- Because HIV may be one of many health issues impacting an individual, collaboration is urged between HIV service and other providers, particularly between chemical dependency and mental illness service providers.
- HIV housing must strive to provide the highest quality services possible, consistent with resources available. Procedures for monitoring quality of accommodation, facilities, and care must be described in applications for funding.
- HIV housing must be cost effective in planning, provision, and on-going management.
- Individuals and households affected by HIV should be able to stay in their own homes as long as possible, and have to move as few times as possible. Individuals and households should have the right to exercise as much choice and preference as possible in how their housing and support service needs are met, always bearing in mind that resources are limited.
- The housing continuum should be easily accessible and strive to appear seamless to people and households with HIV to the greatest degree possible. To achieve this, the development of inter-agency one-stop application and selection procedures for housing services is encouraged.
- Because the long-term availability of AIDS specific housing funds is in question, those programs and services supported with HOPWA funds must be viable for a minimum of five years.
- When developing the strategies, the HIV Housing Coalition noted that accessibility issues needed to be addressed by all programs. These include: equal access to services by all agencies providing services to persons with HIV; the availability of appropriate interpreter services including American Sign Language, TTY/TDD and language interpreters for non-English speaking people; and provisions to ensure access for persons with impaired mobility. In addition, efforts should be made to ensure that services are culturally sensitive and culturally meaningful. This may include services targeted to specific cultural or ethnic groups, or placement of services in neighborhoods most affected by HIV.

Chapter 5 – Reporting Requirements

Grantees will be required to collect and report anonymous client level data on all individuals receiving direct services through HOPWA funds.

Subreipients whose programs are funded are expected to comply with terms and conditions established by HUD regulations (24 CFR 574) for monitoring, evaluation, and record keeping by Minnesota Housing and HUD. Subreipients are required to demonstrate compliance with these provisions.

The Agency actively monitors developments it finances over the life of the mortgage or grants (Supportive services or non-capital programs). This includes monitoring of tenant incomes, rents, affirmative action and equal opportunity requirements, and management year-end operating reports, and allowable return. Requirements are as follows:

1. To verify that the housing remains in compliance with the requirements of this program, the borrower must certify that the occupancy and rent requirements outlined in Sections VII. E. and F. of this Procedural Guide are being met.
2. To verify continued owner compliance with limitation on return provisions contained in this Procedural Guide, the borrower will be required to submit annual year-end operating reports for Agency review.
3. The Agency's Affirmative Action staff will conduct periodic reviews to assure compliance with the fair housing requirements outlined in this Procedural Guide.

Chapter 6 – Commitment Agreement

The grant is targeted to the outstate Minnesota Counties (when funds are available) and the Eligible Metropolitan Statistical Area (EMSA), which is made up of the following eleven (11) counties: Hennepin (including the city of Minneapolis), Ramsey (including the city of St. Paul), Washington, Carver, Scott, Anoka, Chisago, Isanti, Sherburne, and Wright.

While these grants are for set periods, continuation funding is dependent on the availability of state and federal housing funds. Additional AIDS specific housing funds are not certain.

HOPWA funds awarded for supportive programs and services will enter a Grant Agreement with the Minnesota Housing or an entity designated by Minnesota Housing.

HOPWA funds awarded for housing programs will enter a Commitment Agreement with the Minnesota Housing.

Single Audit Requirement: -- The HOPWA program is a program of the U.S. Department of Housing and Urban Development (HUD), CFDA number 14.241, and (CFDA title of program).

As a subrecipient of a HUD program, your organization is required to comply with the Single Audit Act Amendments of 1996 (the Act) and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. If you are not already familiar with the requirements of the Act and A-133, we urge you to understand the requirements because they will be incorporated into agreements between Minnesota Housing and your organization.

Approval for building and/or rehabilitation by units of local government: -- If eligible activities are to be undertaken by project sponsors in various locations, the approval of each unit of general local government must be obtained for the location of a site or a facility. This approval is not required for rent, mortgage and utility payments, or for tenant based rental assistance.

Operating Year: -- Grantees have flexibility in setting the dates of the operating year. For formula grants, initiating the expenditure of funds establishes the program year, but this year can be shortened or lengthened by advance written notice to HUD.

Reporting Requirement: -- An Annual Progress Report (APR) must be submitted by all recipients to HUD 90 days after the end of each program year. Recipient of Supportive Services and Programs (non-capital) activities must submit a Quarterly Progress Report (QPR) to Minnesota Housing at the end of each quarter. This report will be used to summarize activities in HUD's Integrated Disbursement and Information System (IDIS) regarding program beneficiaries and types of assistance for the quarter that ended.

Certification Regarding Debarment: -- As a subrecipient of a HUD program, your organization is required to comply with the Certification Regarding Debarment,

Suspension, ineligibility and Voluntary Exclusion under Executive order 12549 48 CFR part 9, subpart 9.4 – Lower Tier Covered Transactions.

Environmental review: -- For development of structures, HUD must complete an environmental review of sites that are planned for use to assist persons with AIDS before any funds can be committed or disbursed.

Each grantee must agree to:

1. Operate the program in accordance with the requirements of the applicable HUD regulations (24 CFR 574.)
2. Conduct an on-going assessment of the housing assistance and supportive services required by the program participants.
3. Assure the adequate provision of supportive services to the program participants.
4. Comply with terms and conditions established by HUD for monitoring and evaluation of the program. These will include record keeping and reports, which must include racial and ethnic data on participants.

Chapter 7 – Eligibility Criteria

1. **Owner/Sponsor:**

Eligible applicants include limited-profit and non-profit entities, Minnesota Units of Local government, Public Housing Authorities (PHA), and/or community based organizations (CBO).

If first mortgage financing is secured through some source other than the Agency, the lender and owner will be responsible for annually certifying to the Agency that the Agency's limited profit requirements are being complied with.

For-profit entities are eligible to develop projects consisting of rehabilitation of existing rental housing meeting the affordability criteria of this program.

2. **Eligible Participants:**

Of the estimated 4,331 (12/31/2001 estimate) people living in Minnesota with HIV/AIDS, it is estimated that 1,000 people are in need of more intensive supportive services to locate, maintain, or remain in their homes. To focus on those with increased housing needs and to target limited resources, services and programs supported with these HOPWA funds must assist low income and disabled persons with HIV infection including both individuals and households.

- A. **Low Income:** -- Individuals and families whose income does not exceed 80% of the median income for a county or metropolitan statistical area, as determined by HUD, adjusted for household size. A restriction of income level is not applicable if individuals or households are receiving housing and supportive services information only.
- B. **Disabled with HIV/AIDS:** -- At least one individual in the household must have AIDS or a related disease (which means the disease of Acquired Immune Deficiency Syndrome or HIV infection and be disabled.). Households may include those who are connected by law, blood or be of special significance to the individual with AIDS.
- C. **Rental Assistance:** -- Persons receiving rental assistance or residing in rental housing, except those in short stay supported housing, must pay 30% of the family monthly gross income after adjustments. Rents must be reasonable in relation to comparative rents at or below Fair Market Rent (FMR) for county.
- D. **Priority Population:** -- Included within the three eligible participant categories (Low income, Disabled with HIV/AIDS, and Rental Assistance), the following categories of individuals and households require increased attention and are thus priority populations for HOPWA funding. Proposed housing programs and services must be oriented to being culturally specific, meeting the needs of targeted communities including targeting communities including people of color, youth, disabled persons, gay, lesbian, bisexual, transgender, and disabled

persons. Applications targeting these priority populations will receive selection preference consideration:

- (1) Households with children.
- (2) Individuals whose rental histories, pre-existing conditions, and other life circumstances increase the difficulty of accessing subsidized and fair market housing. This group includes people with mental illness, chemical dependency, and those with backgrounds that include past evictions and prison records.
- (3) People from communities of color, including African Americans, Native Americans, and Hispanics.
- (4) Adolescents and young adults between 13 and 24 years of age.
- (5) Households who are homeless or at risk of homelessness.

3. Use and Level of Funding:

A. Eligible Uses of Funds: -- The following activities may be carried out with HOPWA funds. Section XIII, Other Federal Requirements for detail activities.

- (1) Housing information services;
- (2) Resource identification;
- (3) Acquisition, rehabilitation, conversion, lease, and repair;
- (4) New construction;
- (5) Project- or tenant-based rental assistance for shared housing arrangements;
- (6) Short-term rent, mortgages, and utility payments;
- (7) Supportive services;
- (8) Operating costs for housing;
- (9) Technical assistance;
- (10) Administrative expenses

The housing must be marketed for general occupancy and families with HIV/AIDS.

B. Activity Type – Rehabilitation: -- In the rehabilitation of existing rental housing, both partially assisted (e.g., where there is a mix of rent and income levels and only a portion of the total units meet HOPWA rent and income requirements) and fully assisted (e.g., all units in the development meet HOPWA rent and income requirements) developments are eligible for assistance. In a mixed income development, only the units that meet the rent and income affordability requirements of this program will be funded with these Agency funds. The level of funding will be prorated based on square footage, level of amenities, etc. of the assisted units compared to that of non-assisted units.

C. Activity Type - New Construction: -- For new construction developments, both partially and fully assisted developments (as defined in paragraph 2. above) are eligible for funding.

In rural areas, new construction will be allowed within areas of commuting distance of the economic growth area. City sewer and water is required for all new construction proposals. The agency will review the availability of city sewer and utility lines to the development without substantial extensions.

For all new construction proposals, the need for construction of new rental housing units must be demonstrated by sufficient supporting documentation from the local government or other sources, such as: in the seven county metropolitan area, negotiated housing goals with Metropolitan Council, housing and redevelopment authority studies, independent market studies.

- D. Level of Funding: -- There are no prescribed funding limits with these funds, however, priority will be given to proposals in which these funds would be leveraged with other public, private and area employer contributions.

In addition, the Agency will review the cost reasonableness on a per-unit and total development cost basis. The Agency will also analyze the developmental and operational costs to determine the amount of funds provided to the development is not more than is necessary to make the development financially feasible. Funding for general improvements to the property (e.g., roof, heating system, siding, etc.) would be determined based upon percentage of assisted units.

The Agency may modify the proposal, or if after Agency analysis, it is determined that costs are unreasonable, developments will not be funded and applications will be returned to the applicant.

4. Design and Construction Review:

Because it is the intent of this program to provide affordable housing over the long term (i.e., 30 years), the Agency expects that the existing rental housing will be improved beyond a decent, safe and sanitary condition. This may include substantial rehabilitation that requires more than routine or minor repairs or improvements, and may vary in degree from extensive reconstruction to cosmetic improvements; in addition to curing accumulated deferred maintenance. After selection for funding, the Agency will perform a site inspection to determine if this proposed level of rehabilitation is adequate.

For all Minnesota Housing first mortgages, and those substantial deferred loans that are awarded on a competitive basis, developers are strongly encouraged to seek Minnesota Housing architectural input at the earliest possible time. This will ensure that the developer's earliest design efforts are focused on meeting Minnesota Housing's qualitative housing objectives, and will ultimately minimize time and money spent redesigning to meet these objectives at a later date.

Substantial rehabilitation also includes renovation, alteration, or remodeling for the conversion or adaptation of structurally sound property to the design and condition required for use as housing (e.g., conversion of a hotel, school, warehouse).

Depending upon the level of rehabilitation activity, the Agency may require the preparation of design and construction documents by an appropriate licensed design professional.

All construction activities must conform to UBC and Minnesota Building Code, and local codes and regulations. The more restrictive codes and regulations will prevail.

Ineligible improvements/costs include but are not limited to: installation of swimming pools, hot tubs, fireplaces or wood burning stoves; sweat equity for the borrower's own labor; work completed and materials purchased prior to commitment; equipment and furnishings not considered part of the real estate; prefunded reserve accounts; asset coordination fee.

Construction of new garages will be reviewed on a case-by-case basis. Decisions to fund the construction of new garages will be based upon marketability of the units, cost of the garages in comparison to the whole, other rehabilitation/construction priorities.

5. Occupancy Requirements:

- A. Low Income: -- Individuals and families whose income does not exceed 80% of the median income for a county or metropolitan statistical area, as determined by HUD, adjusted for household size.

A restriction of income level is not applicable if individuals or households are receiving housing and supportive services information only.

- B. Disabled with HIV/AIDS: -- At least one individual in the household must have AIDS or a related disease (which means the disease of Acquired Immune Deficiency Syndrome or HIV infection and be disabled.). Households may include those who are connected by law, blood or be of special significance to the individual with AIDS.

- C. Rental Assistance: -- Persons receiving rental assistance or residing in rental housing, except those in short stay supported housing, must pay 30% of the family monthly gross income after adjustments. Rents must be reasonable in relation to comparative rents at or below Fair Market Rent (FMR) for county.

- D. Economic Integration: -- Integration of economically diverse households is encouraged.

Property owners shall not refuse to rent to a household solely on the basis of the household's Section 8 status.

In existing rental properties, there may be a mixture of qualifying and non-qualifying household incomes. These developments are eligible; however, the level of funding will be prorated as specified in Section VII.C.2.

There are no income limits for non-assisted units in a mixed income development, unless dictated by another source of funding.

- E. Minimum Term: -- The income and occupancy conditions for the assisted units are in effect for the life of the mortgage.
- F. Monitoring: -- The income and occupancy requirements will be monitored by the Agency for the length of the mortgage.

Initially, for acquisition and/or rehabilitation, the borrower will be required to contact each household prior to mortgage commitment and have them disclose their income on a tenant income verification form. Household incomes for all assisted units will be reviewed for compliance.

As assisted units become vacant, incomes of new households occupying those units will be verified and analyzed on an annual basis.

In some instances there may be additional income requirements due to other funding sources.

6. Rent Requirements:

A. Maximum Gross Rents:

- (1) Greater Minnesota -- Maximum gross rents (contract rent plus tenant paid utility allowance) for assisted units shall not exceed 30% of 50% of statewide median income adjusted by unit size. In areas with low incomes and market rents the Agency will not approve rents at maximum program limits.
- (2) Seven County Metro Area -- Maximum gross rents (contract rent plus tenant paid utility allowance) for assisted units shall not exceed the lesser of the Fair Market Rent or 30% of 50% of metro area median income.

Rents in existing developments may be reduced on a portion or all of the units to meet the rent requirements and/or to make the rents more affordable.

- B. Minimum Rents: -- Gross rents shall not be lower than 30% of 30% of area median income by unit size.
- C. Monitoring: -- Rent requirements will be monitored by the Agency for the life of the mortgage.
- D. Utility Allowances: -- Tenant paid utility allowances are included in gross rent. Generally acceptable utility allowances are those provided by public housing authorities on a Section 8 utility allowance schedule.

Chapter 8 – General Deferred Loan Characteristics

1. **Mortgage Interest Rate and Term:**

First mortgage or subordinated loan with a 0% annual interest rate with principal due and payable at the end of the 30 year term.

The interest rate may be adjusted in order to allow these funds to be utilized with other sources of funding, such as Housing Tax Credits. In this instance, interest and principal will be due and payable at the end of the 30 year term.

Construction financing is available with first mortgage loans, and is based upon the mortgage amount and subject to Agency draw procedures.

2. **Transfers of Ownership/Prepayment:**

A. Transfers of Ownership:

The mortgage may be assumed contingent upon:

- (1) Agency review and approval of the proposed ownership entity;
- (2) Assumption of all contractual obligations with the Agency; and
- (3) Payment of a fee equal to the greater of 1/2 of 1% of the outstanding mortgage amount or \$1,500.

B. Prepayment -- The mortgage may be prepaid in full at anytime.

3. **Return on Equity:**

Developer's return on equity is defined as follows:

- A. Limited Return -- Agency statutes currently allow a maximum return of 10% based on actual developer equity, for new construction of units on which the Agency has a mortgage.
- B. No Limit on Return -- Under this program, Agency statutes allow that entities undertaking a development consisting of the rehabilitation of an existing rental housing property are not limited to return.

4. **Agency Fees:**

There are currently no application, financing, servicing or prepayment fees.

In the case of an assumption the Agency will charge a fee equal to the greater of 1/2 of 1% of the outstanding mortgage or \$1,500.

5. **Management and Operating:**

Developments will be underwritten based on the Minnesota Housing's management and operating numbers are calculated on a per room basis. The rental rooms per unit are calculated as follows:

Unit Type	Rental Rooms Per Unit
0 BR	3.5
1 BR	3.5
2 BR	4.5
3 BR	6.0
4 BR	7.0

Contact the Minnesota Housing for the latest projected management and operating numbers. These benchmark maintenance and operating numbers may be adjusted at the sole discretion of Minnesota Housing.

The management and operating budget consists of the owner paid administrative, maintenance, utility, and insurance expenses. Typically, walk-up developments have owner-paid utilities, with exception of electricity. Typically, townhouse developments have tenant-paid utilities.

Minnesota Housing strongly prefers that all selected developments be underwritten at the applicable management and operating level. However, if an applicant requests maintenance and operating numbers lower than the above benchmark, all of the following information shall be submitted for review:

- A. Owner narrative summary supporting the proposed maintenance and operating number included in the application;
- B. Copies of the year-end operating information from three comparable developments that have been in operation at least five years; and
- C. Name and phone number of local building inspector or housing official who can be contacted regarding each comparable development and it's physical condition.

The applicant should not assume that this request for a lower-than-benchmark maintenance and operating number would be automatically approved.

Minnesota Housing will reserve the right to reject or adjust the maintenance and operating numbers based upon the information supplied, specific development type, circumstances and/or significant changes to the economics of the development's current market place.

6. Property Taxes:

Rental-housing properties may be eligible for rate reduction. For more information, contact the Agency.

7. Environmental Review:

After selection, but prior to commitment, the borrower will be required to order and pay for a Phase I Environmental review including a lead and asbestos assessment. The cost of the review is mortgageable.

8. Payment and Performance Bonds:

Where the Agency is providing construction financing, the contractor must submit 100% Payment and Performance Bonds (Dual Obligatee) or, at the Agency's discretion, a 25% Completion Assurance Letter of Credit.

9. Payments During Construction:

If the HOPWA loan is structured as a construction loan, generally, no more than once per month the Agency will disburse mortgage funds for construction progress payments through a title company. Construction costs, including Contractor's Overhead and Profit, are funded on a basis of percentage complete, less a retainage, which will typically be ten percent.

10. Miscellaneous:

In general, all developments must submit at least the following: evidence of site control, evidence of proper zoning, title insurance policy, assurance that the proper utilities are available to the site, evidence of city or other financial contributions, market and/or other supporting documentation as required for this program, instruments under which the borrower was created (e.g., Articles of Incorporation, By-Laws, Partnership Agreement, etc.), Certificate of Good Standing, for non-profits letter ruling 501(c)(3), etc.

Chapter 9 – Contract Compliance Plan

1. **Policy:**

It is the policy of the Minnesota Housing Finance Agency to take affirmative action to provide equal opportunity in all of our projects programs and other endeavors. The Agency's goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities, so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Agency employees and everyone with whom we do business.

2. **Purpose:**

The purpose of this Plan is to make the Agency's commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both staff and those outside the Agency with whom we do business.

3. **Goals:**

Our goal is to ensure minority and female business owners equal access to business opportunities on Minnesota Housing financed projects and the presence of minorities and women at all levels on the staffs of the program participants having contractual agreements with Minnesota Housing. The Agency's goal is to ensure that the workforces on the projects and programs we finance reflect demographically the area they are located in. Our goal is to ensure equal business opportunity to minority and female businesses on the projects we finance and equal employment opportunity in the workforces of the firms with whom we sign contractual agreements in which a contractor commits to meet the Agency's employment and business goals. These goals will apply for the length of the contract or the life of the mortgage. The Agency at its discretion may set numerical or percentage goals dependent on the location and size of a given project. Current goals will be determined by staff based on the location of the project.

4. **Requirements:**

The Agency is required to comply with all state, federal and local laws. These requirements are passed on to everyone we do business with either by contractual agreement or Agency policy.

5. **Sanctions:**

The Agency has the contractual authority to demand full payment of any loan or grant, stop processing any project at any stage, and to cease to do business with anyone that does not follow our affirmative action policies or fail to meet their contractual equal opportunity obligations.

6. Equal Opportunity Laws/Rules:

The operations of the Minnesota Housing Finance Agency are regulated by the following Equal Opportunity Laws/Rules:

- Executive Order 11246 (Affirmative Action Requirements, Government Contractors)
- Executive Order 11625 (Minority Business Enterprise)
- The Civil Rights Act. of 1964 (Title VII)
- Equal Employment Act of 1972
- Minnesota Code of Agency Rules (Chapter 2, Sec. 3.012)
- The Americans with Disability Act of 1990
- Section 504 of the Rehabilitation Act of 1973 as amended
- Minnesota Human Rights Act (Section 363.073)
- Fair Housing Amendments Act of 1988

Chapter 10 – Fair Housing Policy

It is the policy of the Minnesota Housing to provide for fair housing opportunity in all its programs affirmatively so that individuals of similar income levels have equal access to Minnesota Housing programs regardless of race, color, creed, religion, national origin, sex, sexual orientation, marital status with regard to receipt of public assistance, disability or family status.

The Minnesota Housing's fair housing policy incorporates the affirmative fair housing marketing practices as addressed in Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Amendment Act of 1988 which states that is unlawful to discriminate in the sale, rental, and financing of housing based on race, color, religion, sex, handicap, sexual orientation, familial status or national origin.

In part, Title VIII makes it unlawful to: (i) sell or lease, or in providing services or facilities because of race, etc.; (ii) make or publish (or have anyone else make or publish) advertisements that indicate preferences or limitations based on race, etc.; and (iii) tell a person that because of race, etc., a dwelling is not available when it is.

Title VIII of the Civil Rights Act of 1968 was amended by the Fair Housing Amendment Act of 1988 to include the following provisions: The new law (i) bars discrimination in the sale or rental of housing on the basis of a handicap, and requires in design and construction of new accessibility requirements; (ii) bars discrimination in the sale or rental of housing because a family has children, but exempts certain types of buildings that house holder persons; (iii) clarifies that the current use of addictive or controlled substances is not a handicap.

All Minnesota Housing programs require owners to market affirmatively, using specific steps geared to the particular program. These steps include:

1. Outreach to all groups protected by the Civil Rights Act of 1968, amended in 1988;
2. Affirmative Marketing strategy that reaches protected groups;
3. Self-analysis to make sure all steps are non-discriminatory; and
4. Upon request by the Minnesota Housing, the submission of reports and documents that confirm the owners fair housing efforts.

Participants will be expected to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.

Chapter 11 – Allocation of Funds

This program is part of the Agency's Concept Based Multifamily RFP in which Requests for Proposals for multiple programs will be issued and applications are submitted for a proposed development concept. The Agency will review all proposals submitted, and will attempt to make the best and most appropriate funding choices for each development selected.

Chapter 12 – Technical Assistance / Additional Resources

Additional funds are or may be available, for assistance in preparing an application; contact Rhonda McCall at (651) 296-0754 or email: Rhonda.mccall@state.mn.us. Assistance in preparing an application for funds is also available:

1. If you have questions about the Request for Proposals, please contact Rhonda McCall at Minnesota Housing.
2. The Corporation for Supportive Housing (CSH) is able to provide technical assistance to agencies and providers interested in serving persons with HIV in the following areas:
 - A. Assistance in the development of partnerships between housing providers and AIDS service providers.
 - B. Assistance in the development of applications in response to this Requests for Proposals.
 - C. Assistance in identifying funding sources to ensure the long-term viability of the proposed program.

For CSH technical assistance, contact 2801 21st Avenue South, Suite 2201; Minneapolis, MN 55107. Tel: 612-721-3700

3. CSH is prepared to provide pre-development funds and capacity building support for successful applicants for permanent supportive housing.
4. While the HIV Housing Coalition also supported the strategy of Supportive In-Home Care, this service is not for HOPWA funds. Funds for this service are available through the Ryan White CARE Act fund, private insurance and Medical Assistance. Applicants are encouraged to describe how this service will be provided using these existing providers and funding sources.
5. Applicants whose programs are funded are expected to become active members of the HIV Housing Coalition. Also, to participate in the HIV housing community and on-going work on all housing related issues for persons with HIV.

The City of Minneapolis and the Minnesota Housing reserve the right to withhold the distribution of funds in cases where proposals submitted do not meet the necessary criteria. The City of Minneapolis and the Minnesota Housing reserve the right to not necessarily select the lowest bidder.

Chapter 13 – Other Federal Requirements

Uses of Grant Funds

§574.300 HOPWA Eligible Activities

- (a) General. Subject to applicable requirements described in §574.310, §574.320, §574.330, and §574.340, HOPWA funds may be used to assist all forms of housing designed to prevent homelessness including emergency housing arrangements, single room occupancy (SRO) dwellings, and community residents. Appropriate supportive services, as required by §574.310 (a), must be provided as part of any HOPWA assisted housing, but HOPWA funds may also be used to provide services independently of any housing activity.
- (b) Activities. The following activities may be carried out with HOPWA funds:
- (1) Housing information services including, but not limited to, counseling, information, and referral services to assist an eligible person to locate, acquire, finance and maintain housing. This may also include fair housing counseling for eligible persons who may encounter discrimination on the basis of race, color, religion, sex, age, national origin, familial status, or handicap;
 - (2) Resource identification to establish, coordinate and develop housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives);
 - (3) Acquisition, rehabilitation, conversion, lease, and repair of facilities to provide housing and services;
 - (4) New construction (for single room occupancy (SRO) dwellings and community residences only);
 - (5) Project- or tenant-based rental assistance for shared housing arrangements;
 - (6) Short-term rent, mortgages, and utility payments to prevent the homelessness of the tenant or mortgagor of a dwelling;
 - (7) Supportive services including, but not limited to, health, mental health, assessment, permanent housing placement, drug and alcohol abuse treatment and counseling, day care, personal assistance, nutritional services, intensive care when required, and assistance in gaining access to local, state, and Federal government benefits and services, except that health services may only be provided to individuals with acquired immunodeficiency syndrome or related diseases and not to family members of these individuals;
 - (8) Operating costs for housing including maintenance, security, operation, insurance, utilities, furnishings, equipment, supplies, and other incidental costs.
 - (9) Technical assistance in establishing and operating a community residence, including planning and other pre-development or pre-construction expenses and including, but not limited to, costs relating to community outreach and educational activities regarding AIDS or related diseases for persons residing in proximity to the community residence;
 - (10) Administrative expenses;
 - (i) Each grantee may use not more than 3 percent of the grant amount for its own administration costs relating to administering grant amounts and allocating such amounts to project sponsors; and

- (ii) Each project sponsor receiving amounts from grants made under this program may use not more than 7 percent of the amounts received for administrative costs.

(11) For compliance grant only, any other activity proposed by the applicant and approved by HUD.

(c) Limitations of assistance to primary religions organizations.

(1) Provision of assistance.

- (i) Assistance may be provided under this part by a grantee to provide all eligible activities under this program in a manner that is free from religious influences and in accordance with the following principals:
 - (A) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion.
 - (B) It will not discriminate against any person applying for any of the eligible activities under this part on the basis of religion an will not limit such housing of other eligible activities or give preference to persons on the basis of religion.
 - (C) It will provide no religious instruction or counseling, conduct no religious services or worship, engage in no religious proselytizing, and exert no other religious influence in he provision of eligible activities under this part.
- (ii) Assistance will not be provided to a project sponsor that is a primarily religious organization to rehabilitate or convert a structure owned by the organization, on as described in paragraph (c)(2) of this section.

(2) Rehabilitation of conversion of structures owned by primarily religious organizations. Grant amounts may be used to rehabilitate or convert a structure that is owned by a primarily religious organization, only if:

- (i) The structure (or portion thereof) that is to be rehabilitated or converted with HUD assistance has been leased to an existing or newly established wholly secular organization (which may be established by the religious organization under the provisions or paragraph (c)(3) of this section).
- (ii) The HUD assistance is provided to the secular organization (and not the religious organization) to make the improvements.
- (iii) The leased structure will be used exclusively for secular purposes available to all persons regardless of religion. (iv) The lease payments paid to the primarily religious organization do not exceed the fair market rent for the structure before the rehabilitation or conversation was done.
- (v) The portion of the cost of any improvements that benefit any unleased portion of the structure will be allocated to, and paid for by, the religious organization.
- (vi) The primary religious organization agrees that is the secular organization does not retain the use of the leased premises for wholly secular purposes for the useful life of the improvements, the primarily religious organization will pay an amount equal to the residual value of the improvements to the original grantee from which the amounts used to rehabilitate of convert the building were derived. While the original grantee is expected to use this amount for eligible HOPWA activities, there is no requirement that funds received after the close of the grant period be used in accordance with the requirements of this part.

- (3) Assistance to a wholly secular private non-profit organization established by a primarily religious organization.
 - (i) A primarily religious organization may establish a wholly secular private nonprofit organization to serve as a project sponsor. The secular organization may be eligible to receive all forms of assistance available under this part.
 - (ii) The secular organization must agree to provide eligible activities under this part in a manner that is free from religious influences and in accordance with the principals set forth in paragraph (c)(1)(i) of this section.
 - (iii) The secular organization may enter into a contract with the religious organization to operate the housing assistance, supportive services and other eligible activities for the project. In such case, the religious organization must agree in the contract to carry out its contractual responsibilities in a manner free from the religious influences and in accordance with the principals set forth in paragraph (c)(1)(i) of this section.
 - (iv) The rehabilitation or conversion of structures is subject to the requirements of paragraph (c)(2) of this section.

§574.310 General standards for eligible housing activities.

All grantees using grant funds to provide housing must adhere to the following standards:

- (a) Supportive services.
 - (1) General. The grantee shall ensure that qualified service providers in the area make available appropriate supportive services to the individual assisted with housing under this subpart. Supportive services are described in §574.300 (b)(7). For any individual with acquired immunodeficiency syndrome or related disease who requires more intensive care than can be provided in housing assisted under this subpart, the grantee shall provide for local a care provider who can appropriately care for the individual and for referring the individual to the care provider.
 - (2) Payments. The grantee shall ensure that grant funds will not be used to make payments for health services for any item or service to the extent that payment has been made, or can reasonably be expected to be made, with respect to that item or service:
 - (i) Under any State compensation program, under an insurance policy, or under any Federal or State health benefits program; or
 - (ii) By an entity that provides health services on a prepaid basis.
- (b) Housing quality standards. All housing assisted under §574.300 (b)(3),(4),(5),and (8) must meet the applicable housing quality standards outlined below.
 - (1) State and local requirements. Each recipient of assistance under this part must provide safe and sanitary housing that is in compliance with all applicable State and local housing codes, licensing requirements, and any other requirements in the jurisdiction in which he housing is located regarding the condition of the structure and the operation of the housing.
 - (2) Habitability standards. Except for such variations as are proposed by the locality and approved by HUD recipients must meet the following requirements:
 - (i) Structure and material. The structures must be structurally sound so as not to pose any threat to the heath and safety of the occupants and so as to protect the residents from hazards.

- (ii) Access. The housing must be accessible and capable of being utilized without unauthorized use of other private properties. Structures must provide alternate means of egress in case of fire.
- (iii) Space and security. Each resident must be afforded adequate space and security for themselves and their belongings. An acceptable place to sleep must be provided for each resident.
- (iv) Interior air quality. Every room or space must be provided with natural or mechanical ventilation. Structures must be free of pollutants in the air at levels that threaten the health of residents.
- (v) Water supplies. The water supply must be free from contamination at levels that threaten the health of individuals.
- (vi) Thermal environment. The housing must have adequate heating and/or cooling facilities in proper operating condition.
- (vii) Illumination and electricity. The housing must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of residents. Sufficient electrical sources must be provided to permit use of essential electrical appliance while assuring safety from fire.
- (viii) Food preparation and refuse disposal. All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a sanitary manner.
- (ix) Sanitary condition. The housing and any equipment must be maintained in sanitary condition.

(c) Minimum use period for structures.

- (1) Any building or structure assisted with amounts under this part must be maintained as a facility to provide housing or assistance for individuals with acquired immunodeficiency syndrome or related diseases:
 - (i) For a period of not less than 10 years, in the case of assistance provided under an activity eligible under § 574.300 (b)(3) and (4) involving new construction, substantial rehabilitation or acquisition of a building or structure; or
 - (ii) For a period of not less than 3 years in the cases involving non-substantial rehabilitation or repair of a building or structure.
- (2) Waiver of minimum use period. HUD may waive the minimum use periods of a building or structure as stipulated in paragraph (c)(1) of this section if the grantee can demonstrate, to the satisfaction of HUD that:
 - (i) The assisted structures no longer needed to provide supported housing or assistance, or the continued operation of the structure for such purposes is no longer feasible; and
 - (ii) The structure will be used to benefit individuals or families whose incomes do not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families, if the Secretary finds such variations are necessary because of construction costs or unusually high or low family incomes.

- (d) Resident rent payment. Except for persons in short-term supported housing, each person receiving rental assistance under this program or residing in any rental housing assisted under this program must pay as rent, including utilities, an amount determined in accordance with section 3(a) of the United States housing Act of 1937

and 24 CFR 813.106. Under these authorities, each resident must pay as rent the higher of:

- (1) 30 percent of the family's monthly adjusted income (adjustment factors include the age of the individual, medical expenses, size of family and child care expenses and are described in detail in 24 CFR (813.102);
- (2) 10 percent of the family's monthly gross income; or
- (3) If the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs, the portion of the payments that is designed.

(e) Termination of assistance.

- (1) Surviving family members. With respect to the surviving member of a family who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his/her death, housing assistance and supportive services under the HOPWA program shall continue for a grace period following the death of the person with AIDS. The grantee or project sponsor shall establish a reasonable grace period for continued participation by a surviving family member, but that periods may not exceed one year from the death of the family member with AIDS. The grantee or project sponsor shall notify the family of the duration of their grace period and may assist the family with information on other available housing programs and with moving expenses.
- (2) Violation of requirements.
 - (i) Basis. Assistance to participants who reside in housing programs assisted under this part may be determined if the participant violates program requirements or conditions of occupancy. Grantees must ensure that supportive services are provided, so that a participant's assistance is terminated only in the most severe cases.
 - (ii) Procedure. In terminating assistance to any program participant for violation of requirements, grantees must provide a formal process that recognizes the rights of individuals receiving assistance to due process of law. This process at minimum, must consist of:
 - (A) Serving the participant with a written notice containing a clear statement of the reasons for termination;
 - (B) Permitting the participant to have a review of the decision, in which the participant is given the opportunity to confront opposing witnesses, present written objections, and be represented by their own council, before a person other than the person (r a subordinate of that person) who made or approved the termination decision; and
 - (C) Providing prompt written notification of the final decision to the participant.

§574.320 Additional standards for rental assistance.

- (a) If grant funds are used to provide rental assistance, the following additional standards apply:
 - (1) Maximum subsidy. The amount of grant funds used to pay monthly assistance for an eligible person may not exceed the difference between:
 - (i) The lower of the rent standard or reasonable rent for the unit; and
 - (ii) The resident's rent payment calculated under§ 574.310(d).
 - (2) Rent Standard. The rent standard shall be established by the grantee and shall be no more than the published Section 8 fair market rent. (FMR) o the HUD-

approved community-wide exception rent for the unit size. However, on a unit-by-unit basis, the grantee may increase that amount by up to 10 percent for up to 20 percent of the units assisted.

- (3) Rent reasonableness. The rent charged for a unit must be reasonable in relation to rents currently being charged for comparable units in the private unassisted market and must not be in excess of rents currently being charged by the owner for comparable unassisted units.

- (b) with respect to shared housing arrangements, the provisions of subpart C of 24 CFR part 882 shall be followed.

§574.330 Additional standards for short-term supported housing.

Short-term supported housing includes facilities to provide temporary shelter to eligible individual as well as rent, mortgages, and utilities payments to enable eligible individuals to remain in their own-dwellings. If grant funds are used to provide such short-term supported housing assistance, the following additional standards apply.

(a) Time limits.

- (1) A short-term supported housing facility may not provide residence to any individual for more than 60 days during any six-month period. Rent, mortgage, and utilities payments to prevent the homelessness of the tenant or mortgagor of a dwelling may not be provided to such an individual for these costs accruing over a period of more than 21 weeks in any 52-week period. These limitations do not apply to rental assistance provided under §574.300 (b)(5).
- (2) Waiver of time limitations. HUD may waive, as it determines appropriate, the limitations of paragraph (a)(1) and will favorably consider a waiver based on the good faith effort of a project sponsor to provide permanent housing under subsection (c).

(b) Residency limitations.

- (1) Residency. A short-term supported facility may not provide shelter or housing at any single time for more than 50 families or individuals;
- (2) Waiver of residency limitations. HUD may waive, as it determines appropriate, the limitations of paragraph (b)(1) of this section.

- (c) Placement. A short-term supported housing facility assisted under this part, to the maximum extent practicable, provide each individual living in such housing the opportunity for placement in permanent housing or in living environment appropriate to his/her death and social needs.

- (d) Assistance to continue independent living. In addition to the supportive services provided when an individual is relocated to a short-term supported housing facility, supportive services may be provided to individuals when they remain in their residents because the residence is appropriate to the need of the individual. In the latter case, a rent, mortgage and utilities payments program assisted under this part shall provide, when reasonable, supportive services specifically designed to maintain the individual in such residence.

- (e) Case management services. A program assisted under this section shall provide each assisted individual with an opportunity, if eligible, to receive case management services from the appropriate social service agencies.

§574.340 Additional standards for community residences.

- (a) A community residence is a multiunit residence designed for eligible persons to provide a lower cost residential alternative to institutional care; to prevent or delay the need for such care; to provide a permanent or transitional residential setting with appropriate services to enhance the quality of life for those who are unable to live independently; and to enable such persons to participate as fully as possible in community life.
- (b) If grant funds are used to provide a community residence, except for planning and other expenses preliminary to construction or other physical improvement for a community residence, the grantee must, prior to the expenditure of such funds, obtain and keep on file the following certifications:
 - (1) A service agreement.
 - (i) A certification that the grantee will itself provide services as required by §574.310 (a) to eligible persons assisted by the community residence; or
 - (ii) A certification that the grantee has entered into a written agreement with a project sponsor or contracted service provider to provide services as required by §574.310(a) to eligible persons assisted by the community residence;
 - (2) The adequacy of funding.
 - (i) A certification that the grantee has acquired sufficient funding for these services; or
 - (ii) A certification that the grantee has on file an analysis of the service level needed for each community residence, a statement of which grantee agency, project sponsor, or service provider will provide the needed services, and a statement of how the services will be funded; and
 - (3) Capability.
 - (i) A certification that the grantee is qualified to provide the services; or
 - (ii) A certification that the project sponsor or the service provider is qualified to provide the services.

Chapter 14 – Program Contact

Contact Elaine Vollbrecht, Minnesota Housing at (651) 296-9953 email: elaine.vollbrecht@state.mn.us or the Housing Development Officer identified in your selection letter for questions concerning this program.